

Organic Food Commission Workgroup

September 26, 2002 Meeting Notes
Ellensburg, WA

The meeting started at 10: 05 with 9 invited workgroup members in attendance. There was also a sign-up sheet available at the door for attendees.

Organic Food Commission Work Group Members in Attendance: Organic growers- Harold Ostenson, Bill Dean, Ray Fuller, Scott Leach, Dain Craver, Eric Strandberg, Alec McErlich
Commodity Commissions - Welcome Sauer, Apple Commission, Jim McFerson, Tree Fruit Research Commission

The introductions were made and the ground rules approved by the group. Presentations were made by staff, as per the agenda. There were some questions that came up during Miles presentation on the Organic Producer Survey.

On “Acreage Trends” it was asked why the 2002 figures were not included. Answer: The data will not be finalized until year-end.

On the “Acreage of Organic and Transitional Crops in 2000” – What is the total acreage in the state?
Answer: not sure, can get information from Ag Statistics

On the “ Agricultural Commissions” there was a question on the federal organic marketing order and the rule-making process. Also the proposed federal statute on 100% organic growers not having to pay assessments for federal marketing orders. Answer: Not enacted yet, may be a while before implemented and it only refers to the federal standards, not state.

On “ State Commodity Commissions” there was a question regarding what it would take for a multiple products commodity commission to be established. Answer: More info to come in presentation on how commissions are set up.

On” Survey Results” there was a question about the “mandatory” aspect of paying into a commission. There was concern that this was not clear enough in the survey questions.

On “Distinct needs of the Organic Food Industry” there was some discussion around research funds from WSU and the Tree Fruit Research Commission. Discussion around how the organic growers could access some of the \$ 15 million in the Farm Bill for Organic Foods.

Miles presented his estimates on what the assessment rates and annual budgets are for the various commodities. There was quite a bit of discussion about the figures with a feeling that most of them were high. He stated that he would be happy to work with the various entities to establish more accurate financial figures.

The group broke for lunch at 11: 45 am and returned for discussion around 12:15 pm.
The afternoon discussion began with refocusing on the purpose of the meeting. Discussion started around the points listed in the legislative directive. (This is a summary of the discussions under each topic, not necessarily in the actual chronological order it was discussed.)

“Evaluate the procedures that could be used to establish a commodity commission.”

It seemed to be the consensus of the group that RCW's 15.65 and 15.66 would be difficult to establish such a unique commodity commission under, mainly due to the fact that it could include multiple commodities. It appeared to the group that separate statute would probably be the most appropriate method to establish a commission for organic products.

There was additional discussion on what it would require to establish this separate statute and Debbie Anderson referred them to the information provided on the requirements for each option for the establishment of a commodity commission. Under the category "If an organic commission were established under a separate statute, what elements would need to be defined?" there is a list of questions that need to be answered to determine what this separate statute would look like. After answering these questions, she would be able to assist them in developing language that would meet the industry needs.

There was additional discussion regarding the economic viability of forming an effective commodity commission. There was discussion related back to how to establish accurate numbers in determining how much money would be available and the volume of organic products. It was discussed how this was currently tracked by the state. At this time, organic apples are not tracked separately by WSDA, but may be in the future due to new technology recently implemented by the state allowing separate tracking. This software to provide organic tracking will not be available until next year.

It was suggested that the organic growers develop a business or strategic plan to determine:

- How much money would be available for a commission?
- How much of that would go towards overhead costs?
- What are their expectations for the amount of money available after overhead costs?
- What kind of research and promotion services could the commission support with the available funds?
- Is the value of establishing a new organic commission equal to or greater than what they currently receive under existing commissions based upon the amount of money available?

"Review the current commission programs that benefit organic producers."

The **Tree Fruit Research Commission** representative, Jim McFerson, gave a brief overview of the type of research that his organization provides.

- Budget on research, conventional and organic was \$3.2 million combined. Much of the research overlaps and benefits both type of grower.
- Estimates that \$200,000 supports research that specifically addresses organic crop production problems.
- Estimates that \$400,000 supports research that benefits both organic and conventional producers.
- Estimates that \$400,000 is spent on predators that affect tree fruit in general
- Around \$1 million of the \$5.2 million is spent mainly on research on biological and non-chemical controls that benefit both organic and conventional production.

The **Apple Commission** representative, Welcome Sauer, gave an overview of the commission's position and their contribution to the organic industry.

- Would like to see the organic grower concerns brought before the WA Apple Commissioners.
- Discussed the value of "all apples born in the state of Washington having a pedigree". Apple Commission has worked decades to establish industry respect and markets for WA apples.
- Expressed concerns about "free rider" effect for forming separate commission.
- Currently all apple growers required to pay into Apple Commission. Determining what is fair for all growers is difficult.

- There is only so much money available to support the promotion of apples. Trade promotions, retail advertising, marketing promotion in 30 different counties is expensive. Organic growers benefit from Apple Commission's infrastructure – ability to get in the door with retailers
- A separate organic commission would cause division/ fragmentation.
- Difficult to determine how much money should be spent increasing demand for a specific market category.
- Recent study shows that 1/3 of Americans eat organic foods and that only 3% more have expressed an interest in starting to purchase organic foods.
- Currently organic apple supply is larger than demand and organic apples are sold in conventional market.
- Apple Commission has developed marketing material specific to Organic industry
- Retailers participate in educational tours on organic farming at harvest time.
- Articles on Organics in Apple Commission brochures
- Web site will be updated to include more appropriate information on organic apples
- Washington Apple Commission will provide a full list of activities that support organic growers.

“Examine and compile the distinct needs of the organic food industry.”

- Organic foods are a separate, distinct market.
- Diversity of organic crops. Organic crops do not fit into one commodity group.
- Organic growers feel that they are not getting the advertising/promotional support that they need.
- Organic growers are not getting their money's worth out of the existing commissions. (e.g. Washington Apple Commission website has only negative information about organic farming).
- Organic growers should have the right to form their own separate commission.
- Give us a chance to try promoting our own product.
- Hard hitting organic promotion will not be conducted by Apple Commission or conventional commissions because it may not be flattering to non-organic products.
- Inherent conflict between organic and conventional promotional programs.
- Organics are a growing category in supermarket chains.
- Unique because it is offered in different retail “market channels” such as natural food stores
- WA Organics competing with other states organic fruits and vegetables.
- 20 % per year growth in the industry, 100% growth in pears
- WA organics have filled up the current markets with existing supply; need additional market channels for crops. Can other markets absorb the supply of organic products?
- Industry wants specific, “hard hitting” advertising for organic products
- Need to address marketing issues with conventional growers as who are concerned about their products appearing as “less than” organic products.
- Major food companies such as General Mills are offering organic products side-by side with conventional without discrediting conventional food products. Fred Meyers promotes both organic and conventional side-by side in their stores.
- Determine how to promote all organic products under one marketing campaign
- Need to agree on a positive way to tell the organic story
- Focus on “Why Buy Organic? And pay more for it?”
- Point of sale displays needed.
- Existing commissions provide value to organic industry, but not specific enough for their needs.
- Research needed specific to organic industry, mentioned WSU Organic Farming Research.
- Why the higher price for organic foods is justified at the local food store.

- Organic label has a legally defined status and distinct problems – e.g. compost, approved materials such as pheromones, foreign market requirements.
- Is organic food more nutritious? Does it taste better?
- Organic agriculture needs statistical information concerning organic production – not currently being by USDA agricultural statistics.
- Need to contain negative stories about organic agriculture.
- Organic certification is unique to organic producers.

“Provide recommendations regarding legislation for establishing an organic food commission and a method to fairly and equitably provide funding by December 15th.”

Direction was provided to the workgroup to try and come up with some new ideas and/or solutions for the report to the legislature. If there is no agreement in the industry, it is doubtful that the legislature would establish new legislation.

- Try to find some middle ground.
- Give organic growers an exemption from or a reduction in existing commodity commission assessments.
- Commissions could allow portion of organic growers assessments to go into a voluntary organic association that all interested organic growers could contribute to.
- Apple Commission currently contributes to a number of different industry associations related to the industry.
- Forming a cooperative might be a way of promoting organic apples or products.
- Form an organic commission for a trial period.
- Define the roles and responsibilities of an organic commission, apple commission and other commissions

The workgroup decided that it would be worthwhile to meet again to discuss the new ideas and possible recommendations. They would discuss the ideas and options among themselves prior to the next meeting.

It was determined that the next meeting will be in Ellensburg at the Hal Holmes Center on October 17, 2002. The Organic Advisory Group is meeting in Ellensburg that same day and will be invited to participate in the discussion to broaden the input from the organic industry.